

Message Text

LIMITED OFFICIAL USE

PAGE 01 LONDON 01090 01 OF 02 231903Z

50

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 AF-06 ARA-06 EA-06 NEA-09

RSC-01 PA-01 PRS-01 USIA-06 L-02 H-01 COME-00 SP-02

AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 /095 W

----- 012576

P 231854Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7544

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 01090

E.O. 11652: N/A

TAGS: OCON, ETRD, UK

SUBJ: COFFEE: WORKING GROUP ON NEGOTIATION OF A NEW
AGREEMENT, JANUARY 20

1. SUMMARY: WORKING GROUP MET JANUARY 20. MORNING
SESSION DEVOTED TO PROCEDURAL MATTERS; AFTERNOON TO
GENERAL DISCUSSION OF OBJECTIVES AT REQUEST OF BRAZIL.
END SUMMARY.

2. WORKING GROUP ON NEGOTIATION STARTED LATEST SERIES
OF MEETINGS JANUARY 20. MORNING SESSION DEVOTED LARGELY
TO PROCEDURAL MATTERS. AT SUGGESTION OF BRAZIL, AFTER-
NOON SPENT IN GENERAL DISCUSSION OF "FUNDAMENTAL OBJEC-
TIVES OF AN AGREEMENT."

3. BRAZILIAN REP (RAFFAELLI) LED OFF DISCUSSION WITH
STATEMENT OF GOB OBJECTIVES: (1) BRING ABOUT REASONABLE
BALANCE BETWEEN SUPPLY AND DEMAND; (2) ASSURE CONSUMERS
OF SUPPLIES ADEQUATE TO COVER DEMAND AT PRICES WHICH
DO NOT DISCOURAGE PRODUCTION; (3) ASSURE PRODUCERS
A DISCIPLINED MARKET; (4) MAINTAIN PRICES WITHIN A
NEGOTIATED LEVEL WITH PROVISIONS TO MAINTAIN REAL VALUES;
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 01090 01 OF 02 231903Z

AND (5) ESTABLISH PRODUCTION AND STOCKPILE POLICIES.

RAFFAELLI CONTINUED THAT BRAZIL SEES SITUATION BETWEEN NOW AND 1981 AS ONE OF RELATIVE SUPPLY/DEMAND BALANCE. THEREFORE, AN AGREEMENT SHOULD BE DESIGNED TO DEAL WITH SPECIAL SUPPLY SITUATION WHICH MIGHT ARISE IN ANY GIVEN YEAR. ON PRICES, BRAZIL RULES OUT IDEA OF MINIMUM PRICE AGREEMENT AND SEEKS TO DEFEND AN AVERAGE WHICH ACCEPTABLE TO BOTH CONSUMERS AND PRODUCERS. ALTHOUGH SOMEWHAT DIFFERENT IN APPROACH, BRAZIL THINKS THE PORTUGUESE PROPOSAL COULD PROVE ACCEPTABLE.

4. BELGIAN REP (SURQUIN) POINTED OUT PRODUCTION FORECASTS ARE TRICKY AND EITHER A FROST OR AN UNUSUALLY GOOD CROP IN BRAZIL COULD ALTER SUPPLY SITUATION RADICALLY. HE ASKED OTHER PRODUCERS TO GIVE THEIR VIEWS OF SUPPLY SITUATION OVER NEXT FIVE YEARS.

5. USREP COMMENTED ALL COULD AGREE WITH GENERAL THRUST OF BRAZIL ANALYSIS, INCLUDING PROBABLE SUPPLY/DEMAND BALANCE AND NEED FOR ASSURANCE OF ADEQUATE SUPPLIES AT EQUITABLE PRICES. US SUGGESTED GROUP MOVE RAPIDLY INTO THE SUB-GROUP ON SUPPLY/DEMAND TO TAKE CLOSER LOOK AT WHERE WE STAND.

6. EXECUTIVE DIRECTOR COMMENTED ICO PROJECTIONS, DEPENDING ON ASSUMED VARIATIONS SHOW BOTH SHORTAGE AND SURPLUS. HE SUGGESTED DISCUSSION FOCUS ON MACHINERY TO MAINTAIN EQUILIBRIUM.

7. FRENCH REP (GALLO) SUGGESTED POSSIBILITY OF A BUFFER STOCK TO MODERATE SUPPLY AND PRICE FLUCTUATIONS. SAID TARGET PRICE SHOULD BE ESTABLISHED ANNUALLY ALONG TREND LINES.

8. FRG REP (BEHRENDT) SAID HE DID NOT RULE OUT A BUFFER STOCK PER SE, BUT PAST EXPERIENCE WITH BUFFER IN TIN AGREEMENT HAD BEEN BAD FOR CONSUMERS.

9. EL SALVADOR REP STATED THERE IS NO QUESTION A SURPLUS EXISTS AND THAT IS WHY PRICES HAVE FALLEN. HE CALLED FOR RETENTION OF STOCKS BY ALL PRODUCERS ADMIN-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LONDON 01090 01 OF 02 231903Z

ISTERED JOINTLY BY PRODUCERS AND CONSUMERS AND FOR STUDIES OF PRODUCTION COSTS TO SERVE AS BASIS FOR NEGOTIATION OF A PRICE RANGE WITH CONSUMERS.

10. FINLAND REP AGREED WITH EL SALVADOR AND SUGGESTED DISCUSSIONS MOVE ONTO SPECIFICS OF PRICE.

11. FRG REP ASKED PRODUCING COUNTRIES HOW THEY FELT

ABOUT PRODUCTION POLICY OF A NEW AGREEMENT, POINTING OUT EARLIER AGREEMENTS HAD NOT BEEN EFFECTIVE IN THIS REGARD. HE ASKED IF THEY WERE PREPARED TO ACCEPT ICO INTERFERENCE IN THEIR INTERNAL AFFAIRS TO INSURE EFFECTIVE PRODUCTION CONTROLS.

SPIERS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 LONDON 01090 02 OF 02 231909Z

50

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AGR-05 AF-06 ARA-06 EA-06 NEA-09

RSC-01 PA-01 PRS-01 USIA-06 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00

L-02 H-01 /095 W

----- 012722

P 231854Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 7545

LIMITED OFFICIAL USE SECTION 02 OF 02 LONDON 01090

12. OAMCAF REP (N'DIA) STATED AGREEMENT SHOULD BE ADAPTABLE TO VARIED SITUATIONS OF OVERPRODUCTION, BALANCE AND SHORTAGE. HE SUGGESTED GROUP "BREAK OUT OF VICIOUS CIRCLE" BY ENDING GENERAL DISCUSSIONS AND GETTING DOWN TO SPECIFICS.

13. UK REP (MCLACHLAN) RETURNED TO ORIGINAL POINTS RAISED BY BRAZIL. / HE SAID UK SEEKS AGREEMENT TO COPE WITH WIDEST RANGE OF POSSIBILITIES. WHILE IT APPEARS NO MASSIVE SURPLUS IN SIGHT, WE NEED SOMETHING TO DEAL WITH ROUGH BALANCE AND POSSIBLE VARIATIONS. ON SUPPLY, UK BELIEVES PRODUCERS MUST HAVE MARKET INCENTIVE TO PRODUCE ENOUGH BUT NOT BE INDUCED INTO OVERPRODUCTION. ON PRICE, HE AGREED WITH EL SALVADOR THAT COST OF PRODUCTION COULD BE STARTING

POINT FOR CONSULTATION. UK ALSO RAISED QUESTION OF EXPORT AVAILABILITY, SAYING PRODUCERS MUST BE PREPARED TO SHIP WHAT THEY HAVE IN TIMES OF TIGHT SUPPLY. HE ADDED UK NOT OPPOSED IN PRINCIPLE TO BUFFER STOCK, BUT "IT WOULD BE UNFAIR TO SAY WE HAVE AN OPEN MIND.. HE MENTIONED NUMBER OF PROBLEMS INCLUDING BUFFER STOCK FINANCING.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LONDON 01090 02 OF 02 231909Z

14. CANADIAN REP (MUSGROVE) SAID HE COULD FIND LITTLE TO DISAGREE WITH IN OBJECTIVES OUTLINED BY BRAZIL. HE DEFINED A "REASONABLE, REMUNERATIVE PRICE" AS ONE NEGOTIATED AND AGREED BETWEEN PRODUCERS AND CONSUMERS. HE SAID CANADA NOT CONVINCED OF NEED FOR BUFFER STOCK WHICH MIGHT END UP ACCUMULATING UNWANTED TYPES OF COFFEE. WHAT IS PREFERABLE IS A RETENTION SYSTEM WHICH MAKES COFFEE AVAILABLE WHEN NEEDED.

15. EXECUTIVE DIRECTOR COMMENTED DISCUSSION HAD SHOWN GENERAL CONSENSUS ON OBJECTIVES; DIFFERENCES ON MACHINERY. HE SAID DELEGATIONS APPEARED READY FOR SUB-GROUP MEETINGS AND SCHEDULED THEM FOR FOLLOWING DAY. BRAZIL EXPRESSED SATISFACTION WITH COURSE OF DISCUSSION.

SPIERS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, AGREEMENTS, MEETING AGENDA, COMMITTEE MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON01090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750026-0057
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750127/aaaaaxnp.tel
Line Count: 200
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUN 2003 by WorrelSW>; APPROVED <04 NOV 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COFFEE: WORKING GROUP ON NEGOTIATION OF A NEW AGREEMENT, JANUARY 20
TAGS: OCON, ETRD, UK, BR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006